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WISCONSIN *Farm Reporter*

- Dairy
- Crops
- Livestock

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Free Subscription

WISCONSIN FARM HIGHLIGHTS

- High milk production expected to continue
- Dairy cold storage stocks at high levels
- Prices received index is lower
- Wisconsin soybean stocks high in 1981

NEW COLOR FOR WISCONSIN FARM REPORTER

Due to the unavailability of the green paper stock the Wisconsin Farm Reporter has traditionally been printed on, we will now use white paper. The semi-monthly issue dates and format will remain the same.

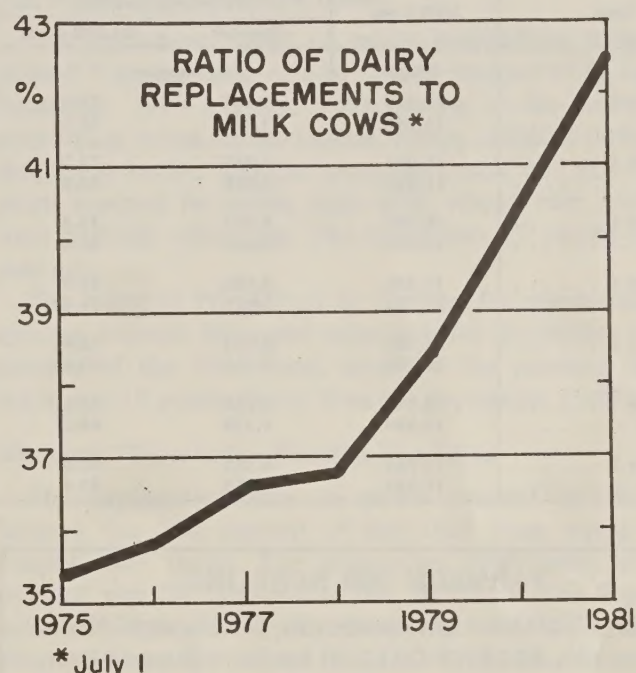
DAIRY SITUATION

U.S. Milk Production Will Continue To Increase In Coming Months

Milk production will continue above a year ago through the rest of this year, even if the support level is not raised on October 1. Commercial use, while strong during the second quarter, may improve only slightly during the rest of 1981. Wholesale prices for dairy products will likely remain fairly stable in coming months. However, if supports are raised on October 1 prices would likely rise. Gains in farm prices for milk have slowed appreciably this year, and for all of 1981, farm prices are expected to average 6 to 7 percent above 1980. Retail milk prices may average about 8 percent higher.

Milk cow numbers on farms on July 1 were up 23,000 from January 1 — 88,000 (0.8 percent) more than a year earlier and 192,000 (1.8 percent) higher than 2 years ago. Replacements (500 pounds and over) totaled 4.6 million head on July 1, up 260,000 (5.6 percent) from a year earlier. The July 1 ratio of replacements per 100 milk cows was 42.6 — the largest on record. The dairy herd will likely be above 1980 at year end.

Total U.S. milk production during January-August was 3.3 percent greater than a year earlier. August production was up 2.6 percent, marking the 28th straight month that output



exceeded year-ago levels. This now equals the previous record-long expansion phase, which ran from October 1975 to January 1978.

However, production increases have been slowing since April. While milk cow numbers during April-August averaged about 0.8 percent above a year earlier, the gains in output per cow slowed from 4 percent in April to 1.9 percent in August. This slowing was associated with no increases in concentrate feeding from 1980 to 1981.

With large feed crops this fall and the resulting lower cost of dairy concentrate, gains in feeding will likely occur. As a result, gains in output per cow are likely to increase later this year. In balance, milk production gains can be expected for the rest of this year, with total 1981 output likely to be up about 3 percent from the 128.4 billion pounds (58.2 million metric tons) in 1980.

Farm prices declined seasonally from January to July, but then increased in August, reflecting the normal seasonal pattern of the butterfat test. (The test falls from January to

July, then increases until December). In August, the price of manufacturing grade milk averaged \$12.50 per hundredweight, 70 cents (6 percent) higher than a year ago but 50 cents below January. However, after adjusting for the butterfat test, the Grade B price was nearly unchanged from January and was 33 cents below the established support price of \$13.10 per hundredweight for milk testing 3.67 percent fat. (The support level is \$12.80 at a test of 3.5 percent.)

U.S. Milk Cows and Replacements, 1975-81

Date	Milk cows	Replacement heifers 500 pounds and over	
		Number	Per 100 cows
1975	1,000	Number	
January 1	11,220	4,087	36.4
July 1	11,148	3,924	35.2
1976			
January 1	11,071	3,956	35.7
July 1	11,023	3,948	35.8
1977			
January 1	10,998	3,887	35.3
July 1	10,946	4,004	36.6
1978			
January 1	10,896	3,886	35.7
July 1	10,761	3,955	36.8
1979			
January 1	10,790	3,932	36.4
July 1	10,700	4,115	38.4
1980			
January 1	10,779	4,158	38.6
July 1	10,804	4,378	40.5
1981			
January 1	10,869	4,353	40.0
July 1	10,892	4,638	42.6

FARMERS' 900 NEWSLINE

Due to USDA budget constraints, the Farmers' Newsline is now a **50-CENT CALL**. It has been changed from the 800 toll-free number to the 900 number.

Call the Farmers' 900 Newsline for the latest U. S. and world crop, livestock, export, and economic news from USDA.

900-976-0404

OCTOBER HIGHLIGHTS

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Farm prices for all milk in August averaged \$13.50 per hundredweight, 60 cents below January. The price averaged 5.5 percent (70 cents) higher than a year ago, compared with a year-over-year gain of 10.2 percent (\$1.30) in January. With production expected to remain large relative to use for the rest of the year, if the support level remains unchanged only a small seasonal increase in prices can be expected this fall, leaving the 1981 averaged price for all milk up about 6 percent. However, if the support price is raised to 75 percent of parity on October 1, the price for all milk could average 7 percent higher for the year. Coupled with increased marketing, cash receipts for the sale of milk and cream will likely be up 8 to 11 percent for 1981.

Prices for dairy products in the major wholesale markets have remained nearly unchanged since last fall. This price stability reflects continuing surplus production and no price support adjustment on April 1. Gains in retail prices should be relatively small this fall. For the year, retail prices are forecast to average about 8 percent higher.

During January-July, manufactured dairy products, on a milk-equivalent fat-solids basis, used about 2.6 billion pounds (1.2 million metric tons) more milk than a year earlier. Butter production during the first 8 months was up nearly 7 percent while American cheese rose over 10 percent.

Commercial disappearance of dairy products April-June increased sharply — 6.2 percent from 1980's weak second quarter. When adding first quarter use (down 5 percent) and the preliminary July data, commercial disappearance for the first 7 months was about even with a year earlier. Commercial use of milk and dairy products on a milk-equivalent basis may increase some during the rest of the year partly resulting from the expected small gains in retail prices of dairy products. Therefore, use for the year should be up about 1 percent.

August 1 commercial holdings of dairy products, milk-equivalent fat-solids basis, declined some from February — 3.7 percent. The commercial stock buildup that normally occurs during February-June did not take place this year because of ample milk production and high interest rates. Government holdings of dairy products, milk-equivalent basis, totaled more than 14 billion pounds (6.4 million metric tons) on August 1, an increase of 123 percent from a year ago. Net purchases by the Commodity Credit Corporation during January-August were equivalent to 10.8 billion pounds (4.9 million metric tons) of milk, up more than 50 percent from last year.

Cheese and Butter Stocks at High Levels

Cold storage stocks of butter were up 68 percent and stocks of cheese were up 17 percent in the U.S. at the end of August. There were 515.7 million pounds of butter in storage on August 31, which is an increase of 209.3 million pounds from the same date in 1980. Government butter stocks totaled 474.6 million pounds, 81 percent more than a year ago. Cheese stocks in storage at the end of August totaled 715.7 million pounds, up 17 percent from the previous year. The government had 206.3 million pounds of American cheese in cold storage on August 31, compared with only 83.1 million pounds a year earlier. The difference in cheese stocks represents a 148 percent increase.

Cold Storage Stocks of Butter and Cheese

Commodity	August 31, 1979	August 31, 1980	August 31, 1981	Change from last year
	1,000 pounds			Percent
	UNITED STATES			
Butter	239,102	306,368	515,659	+ 68
Cheese, American	460,139	501,153	613,350	+ 22
Cheese, Swiss	15,074	13,918	14,570	+ 5
Cheese, all other	83,522	98,743	87,770	- 11
Cheese, total	558,735	613,814	715,690	+ 17
	WISCONSIN			
Butter	30,963	39,590	63,509	+ 60
Cheese, American	249,980	238,643	216,294	- 9
	GOVERNMENT STOCKS*			
Butter	182,214	261,633	474,553	+ 81
Cheese, American	3,224	83,092	206,339	+ 148

*Included in above totals.

RED CLOVER SEED CROP DECLINES

In 1981 Wisconsin growers expect to produce 825,000 pounds of red clover seed for an average yield of 75 pounds per acre from 11,000 acres. If realized, production would be down 16 percent and acres harvested down 21 percent, while yield shows a 5 pound increase. The unfavorable wet weather during seed set and the harvest season reduced the acreage and yield potential below expectations. In the past ten years only 1972 (350,000 pounds) and 1977 (760,000 pounds) had a lower production in Wisconsin.

SOYBEAN STOCKS — SEPTEMBER 1

The U.S. September 1, 1981 carryover of old crop soybeans into the 1981-82 marketing year totaled 320 million bushels, 11 percent below last year's record carryover but 84 percent above September 1, 1979. Soybeans stored on farms totaled 161 million bushels, up 25 percent from last year and 161 percent above two years ago. On-farm stocks accounted for 50 percent of the soybeans stored in all positions. Off-farm stocks at 159 million bushels were down 31 percent from last year but were 41 percent above two years ago. Disappearance during the marketing year (September 1980-August 1981) totaled 1.86 billion bushels as indicated by year-end stocks, 11 percent below last year. Crushings accounted for about 1.02 billion bushels, exports about 725 million bushels, and seed about 65 million bushels. Indicated disappearance during June-August 1981 totaled 364 million bushels, 13 percent less than during the same period last year.

Wisconsin soybean stocks on September 1 totaled nearly 3.0 million bushels compared with 1.3 million bushels a year ago. The increase comes from on-farm holdings. Stocks on Wisconsin farms totaled 2.4 million bushels, compared with .5 million last year. Off-farm holdings totaled nearly .6 million bushels, down from the .8 million bushels last year.

FARM REAL ESTATE TAXES

Farm real estate taxes per acre have climbed steadily since 1940. However, since 1970, farmland prices have risen at an even faster rate, so taxes per \$100 of property value have been dropping. State and local real estate taxes levied on farmland averaged about 60 cents per \$100 of market value

in 1979, the lowest rate in 60 years. Tax increases haven't kept up with farmland values because of the special property tax treatment now offered to farmland in all states except Georgia and Mississippi. State laws vary, but they typically permit farmland to be assessed at its agricultural use value rather than market value. Property tax relief measures, such as California's Proposition 13, have also helped.

FARM PRICES

U.S. Prices Received Index Down

The September Index of prices received by farmers decreased 7 points from August to 244 percent of its January-December 1967 average. Contributing to the lower index were lower prices for beef cattle, steers, slaughter cows, hogs, sheep and lambs, turkeys, corn, soybeans, and hay. Higher prices received for calves, eggs, milk, wheat, oats, and barley were partially offsetting. The index was 17 points below a year ago.

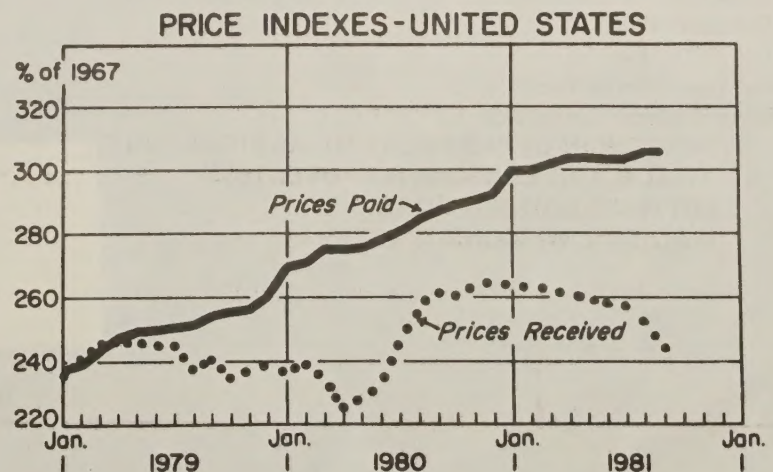
The Index of Prices Paid by Farmers for commodities and services, interest, taxes and wage rates for September was 306 percent of the 1967 base, equal to the previous month's index and 19 points higher than the September 1980 index.

Wisconsin Prices Index Remains The Same

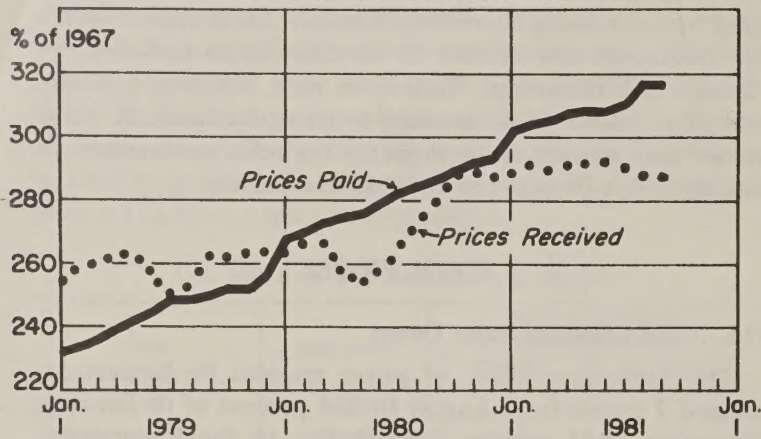
The September index of prices received by Wisconsin farmers was 284 percent of the 1967 base, equal to the August 1981 index. The September 1980 index of prices received was 281 percent of the 1967 base. The September index of prices paid by farmers was 318 percent of the 1967 base, equal to the August 1981 index of 318. Higher prices were paid for beef cattle concentrate while lower prices were noted for soybean oil meal, cornmeal, and hog feed.

Milk-Feed Ratio

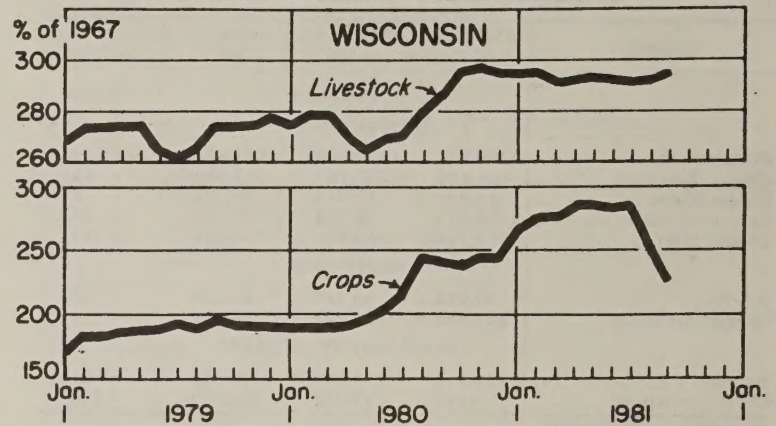
Wisconsin's milk-feed ratio (pounds of concentrate ration equal in value to 1 pound of whole milk) averaged 1.37 for September 1981. This ratio is .02 greater than last month's milk-feed ratio and .04 greater than the September 1980 ratio. Wisconsin's 5-year average for September is 1.42. The U.S. milk-feed ratio averaged 1.48 for September. The highest milk-feed ratio was reported by Florida with an average of 1.94 while Colorado reported the lowest ratio at 1.21.



PRICE INDEXES-WISCONSIN



CROP & LIVESTOCK PRICES RECEIVED INDEXES



Commodity	Unit	Wisconsin			United States		
		Month of Sept. 1980	August 15, 1981	September 15, 1981	Month of Sept. 1980	Month of Aug. 1981	September 15, 1981
		Dollars			Dollars		
PRICES RECEIVED:							
Milk cows	Head	1,160.00	1,170.00	1,160.00	1,200.00	1,200.00	1,200.00
Steers and heifers	Cwt.	66.20	59.40 2/	60.30	67.70	63.00	62.90
Slaughter cows	Cwt.	46.90	44.90 2/	43.90	45.10	42.80	41.70
Calves 1/	Cwt.	110.00	110.00 2/	107.00	74.30	62.40	63.30
Hogs	Cwt.	45.50	48.30 2/	48.20	46.10	49.20	49.10
Sheep	Cwt.	15.50	19.00	18.00	21.40	20.30	17.20
Lambs	Cwt.	66.00	58.00	53.00	66.70	56.20	50.90
Turkeys	Lb.	.450	.400	.390	.458	.407	.383
Eggs	Doz.	.510	.440	.460	.617	.593	.646
Milk, all 2/	Cwt.	12.87	12.96	13.25	13.20	13.40	13.70
Wheat	Bu.	3.85	3.49	3.49	3.99	3.62	3.63
Corn	Bu.	2.86	2.90 2/	2.53	3.01	2.87	2.52
Oats	Bu.	1.40	1.57 2/	1.63	1.63	1.73	1.79
Barley	Bu.	2.30	2.45	2.12	2.65	2.37	2.41
Soybeans	Bu.	7.40	6.58	6.23	7.59	6.71	6.29
Alfalfa hay, baled	Ton	40.00	62.00	57.00	75.60	67.10	66.40
Other hay, baled	Ton	30.00	46.00	46.00	59.10	56.70	54.50
Index 3/ (1967=100)	Pct.	281	284	284	261	251	244
(1977=100) 5/	Pct.	154	155	155	142	137	134
PRICES PAID:							
Soybean meal, 44% protein .	Cwt.	14.00	13.70	13.10	14.60	14.90	14.40
Cornmeal	Cwt.	6.10	6.70	6.30	7.80	8.34	8.08
Dairy feed, 16% protein . . .	Ton	194.00	194.00	194.00	188.00	189.00	185.00
Index 4/ (1967=100)	Pct.	287	318	318	287	306	306
(1977=100) 5/	Pct.	139	149	149	141	151	151

1/Includes slaughter "bobs," replacements and special feds. 2/Average for the month. 3/Index numbers prices received by farmers, unadjusted, all farm products. 4/Index numbers prices paid by farmers for commodities and services, interest, taxes, and wage rates. 5/A change to 1977=100 base period was made beginning with June 1981. The 1967=100 base will continue to be published through June 1982.

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